

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON HEALTH & HUMAN SERVICES**

**Call to Order:** By **CHAIRMAN DAVE LEWIS**, on January 26, 2001 at 8:00 A.M., in Room 152 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dave Lewis, Chairman (R)  
Sen. John Cobb, Vice Chairman (R)  
Rep. Edith Clark (R)  
Rep. Joey Jayne (D)  
Sen. Mignon Waterman (D)

**Members Excused:** Sen. Bob Keenan (R)

**Members Absent:** None.

**Staff Present:** Robert V. Andersen, OBPP  
Pat Gervais, Legislative Branch  
Lois Steinbeck, Legislative Branch  
Sydney Taber, Committee Secretary  
Connie Welsh, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Overview of Health Policy and Services Division  
Executive Action: Executive Action on Disabilities Services Division

**{Tape : 1; Side : A; Approx. Time Counter : 0.3 - 2.}**

**SEN. WATERMAN** asked **Lois Steinbeck, Legislative Fiscal Division (LFD)**, to get back with information on a bill that would fund hearing testing for infants at hospitals. **Ms. Steinbeck** responded that she would report on that bill since the Subcommittee did direct the Department to work with her on the development of a bill that addressed several issues. **REP. TROPILA's** bill is one that Montana Telecommunications Access Program (MTAP) worked with addressing some of the subcommittee

issues. It adds a new use to spend funds, and if it expends funds there is no appropriation for it. **SEN. WATERMAN** suggested that the appropriation for it could go into **REP. GALVIN-HALCRO's** bill.

**Pat Gervais, LFD**, distributed the decision package spreadsheet to the Committee **EXHIBIT(jhh21a01)**. **SEN. WATERMAN** has **SEN. KEENAN's** proxy for this executive action.

#### EXECUTIVE ACTION - DISABILITIES SERVICES DIVISION

*{Tape : 1; Side : A; Approx. Time Counter : 5.7 - 13.9}*

**Motion:** **REP. CLARK** moved that **THE BASE LEVEL OF FUNDING, PLUS STATE-WIDE PRESENT LAW ADJUSTMENTS AND DP 699, ADDED VACANCY SAVINGS FOR PROGRAM 10, DISABILITY SERVICES DIVISION BE ADOPTED.**

**Discussion:** **Ms. Gervais** explained to Committee members what amounts are included in the base level of funding plus state-wide present law adjustment and vacancy savings.

**Vote:** Motion carried unanimously.

#### PRESENT LAW ADJUSTMENTS:

*{Tape : 1; Side : A; Approx. Time Counter : 14.2 - 16.1}*

**Motion/Vote:** **REP. LEWIS** moved that **DP 7, DP 22, DP 23, DP 30, DP 31, AND DP 33 BE ADOPTED. Motion carried unanimously.**

*{Tape : 1; Side : A; Approx. Time Counter : 16.1 - 21.4}*

**SEN. WATERMAN** commented that in her review indicates that DP 45, adds approximately \$3.75 million to cover an increase in population at the institutions, mostly at Boulder. Last session, the Committee requested the Department to reduce by 32 the number of individuals at Boulder. This was done, but they moved an equal or larger number of individuals into those empty beds.

**SEN. WATERMAN** would like make a motion with the intent that by the end of the biennium the overall population of the two institutions would be reduced by 32, including any new admissions.

**Ms. Gervais** pointed out that DP 45 annualizes the cost of the individuals moved to the community during this biennium; it is DP 66 that provides the additional funding for the Montana Developmental Center (MDC). **SEN. WATERMAN** agreed that she was referring to DP 66.

*{Tape : 1; Side : A; Approx. Time Counter : 21.4 - 21.6}*

**Motion/Vote:** SEN. COBB moved that DP 45, MOVEMENT FROM INSTITUTIONS TO COMMUNITY BE ADOPTED. Motion carried unanimously.

***{Tape : 1; Side : A; Approx. Time Counter : 21.6 - 22.1}***

**Motion/Vote:** SEN. COBB moved that DP 46 VR, ANNUALIZED CASELOAD INCREASE BE ADOPTED. Motion carried unanimously.

***{Tape : 1; Side : A; Approx. Time Counter : 22.1 - 24.6}***

SEN. WATERMAN asked for comment from the Department on her proposal to move 32 individuals from the two institutions into the community without allowing new commitments to replace those 32 individuals.

Joe Mathews, Administrator of Disability Services Division, stated that he does not have control over court commitments, and he requested guidance from the Legislature on how they would deal with control of new commitments. SEN. WATERMAN stated that perhaps the commitment laws need to be changed, too. She would like her motion to be flexible enough so that the courts can commit new people, but that by the end of the biennium, the population will be 32 fewer people.

***{Tape : 1; Side : A; Approx. Time Counter : 24.6 - 28}***

SEN. KEENAN asked what the current population at Eastmont is. Mr. Mathews stated that it is around 32 and Montana Developmental Center (MDC) is at 87. SEN. KEENAN has been trying to find another use for the facility at Eastmont and asked SEN. WATERMAN if her proposal would affect this effort. Sen. Waterman, replied that her proposal did not impact that effort.

**Motion:** SEN. WATERMAN moved THAT DP 66 BE APPROVED AND THAT THE DEPARTMENT WORK WITH THE LFD TO DEVELOP LANGUAGE THAT REFLECTS COMMITTEE DISCUSSION AND THE REDUCTION OF THE OVERALL POPULATION AT THE TWO INSTITUTIONS BY AT LEAST 32 BY THE END OF THE BIENNIUM.

**Discussion:** SEN. KEENAN stated that it might be a good thing to incorporate some sort of time frame. SEN. WATERMAN stated that she wants the institutional budget at the next biennium to reflect this reduction.

Director Gray asked if there was a commitment to look at the commitment law. SEN. WATERMAN responded that as Chair of the Children and Families Committee, she had requested that the Department bring a proposal to her last summer, but it was decided to not do it this session. She suggested that there be a Committee bill to do this since the clock is ticking on this one.

**{Tape : 1; Side : B; Approx. Time Counter : 0.3 - 10.9}**

There was further discussion on the motion. **Mr. Mathews** responded to a question from **SEN. WATERMAN** that he believes that the motion offers flexibility. There are individuals that can be moved out now, but there will be difficulty in ensuring that the infrastructure is there to take them into the community.

**{Tape : 1; Side : B; Approx. Time Counter : 10.9 - 11.8}**

**CHAIRMAN LEWIS** called for a roll call vote.

**Vote:** Motion carried 6-0.

**{Tape : 1; Side : B; Approx. Time Counter : 11.8 - 12.2}**

**Motion/Vote:** **SEN. COBB** moved that DP 68, ANNUALIZE DSD BASE YEAR INCREASES BE ADOPTED. Motion carried unanimously.

**{Tape : 1; Side : B; Approx. Time Counter : 12.2 - 12.8}**

**Motion/Vote:** **SEN. COBB** moved DP 71, INDEPENDENT LIVING OLDER BLIND BASE. Motion carried unanimously.

**NEW PROPOSALS:**

**{Tape : 1; Side : B; Approx. Time Counter : 13. - 16.2}**

**Motion/Vote:** **SEN. COBB** moved that DP 112 WITH \$4 MILLION IN FEDERAL AUTHORITY AS A BIENNIAL APPROPRIATION BE ADOPTED. Motion carried unanimously.

**{Tape : 1; Side : B; Approx. Time Counter : 16.2 - 16.5}**

**Motion/Vote:** **SEN. COBB** moved that DP 113, DDS WORKLOAD INCREASE BE ADOPTED. Motion carried unanimously.

**{Tape : 1; Side : B; Approx. Time Counter : 16.5 - 26.9}**

There was discussion on the current DP 119, and the provider wage parity proposal versus the proposal included in Governor Racicot budget. The total funds were reduced by \$115,319 in FY02 and \$353,050 in FY03. **REP. JAYNE** asked the budget office why those funds were reduced, and **Connie Welsh, Office of Budget and Program Planning**, replied with an explanation of the budget office's thinking. **REP. JAYNE** asked if there was a Department request made for the particular amount in the Racicot budget. **Mr. Mathews** replied that it did request the rate increases based on a study of providers. The original proposal for FY02 was \$3,282,000 and FY03 was \$4,923,000, which was a 10% increase the first year and an additional 5% the second year.

**{Tape : 1; Side : B; Approx. Time Counter : 26.9 - 35}**

**Motion:** **SEN. COBB** moved DP 119, PROVIDER RATE PARITY AS INCLUDED IN GOVERNOR MARTZ BUDGET.

**Substitute Motion:** REP. JAYNE made a substitute motion TO FUND PROVIDER WAGE PARITY AT \$6 MILLION EACH YEAR OF THE BIENNIUM.

**Discussion:** SEN. KEENAN asked where the money will be found for this. REP. JAYNE responded that it is her understanding that there is no revenue estimate at this moment. Unless it is a certainty that there are no funds, then it is open to do this since there is no revenue estimate. SEN. KEENAN replied that there will be a budget status report tomorrow. REP. JAYNE responded that part of this would be coming from federal funds and part from state funds. CHAIRMAN LEWIS said that it would be a 50-50 match and called for a roll call vote. He has REP. CLARK's proxy.

*{Tape : 1; Side : B; Approx. Time Counter : 35 - 48.4}*

**Vote:** Motion failed 2-4 with Jayne and Waterman voting aye on a roll call vote.

**Substitute Motion/Vote:** SEN. WATERMAN made a substitute motion TO FUND DP 119, AS PRESENTED IN THE RACICOT BUDGET, \$1.6 MILLION IN FY02, AND \$4.9 MILLION IN FY03. Substitute motion failed 3-3 on a roll call vote with Clark, Keenan, and Lewis voting no.

*{Tape : 2; Side : A; Approx. Time Counter : 0.3 - 1.5}*

The committee began discussion of SEN. COBB'S motion.

**Discussion:** SEN. WATERMAN commented that she does not think that this is enough money. The state has assumed responsibility for vulnerable individuals and has an obligation to take care of them appropriately. She reiterated the point made regarding the possible imposition of court action on the state and said that she would even support a sales tax.

*{Tape : 2; Side : A; Approx. Time Counter : 4.6 - 4.9}*

CHAIRMAN LEWIS called a roll call vote on DP 119.

**Vote:** Motion carried 6-0.

*{Tape : 2; Side : A; Approx. Time Counter : 4.9 - 7.2}*

**Motion:** SEN. COBB moved DP 128, VR PROVIDER RATE INCREASE.

**Substitute Motion/Vote:** SEN. WATERMAN made a substitute motion DP 128 AS REFLECTED IN THE RACICOT BUDGET. Substitute motion failed 3-3 on a roll call vote with Clark, Keenan, and Lewis voting no. CHAIRMAN LEWIS called for a roll call on SEN. COBB's original motion.

**Vote:** Motion carried 6-0.

*{Tape : 2; Side : A; Approx. Time Counter : 7.2 - 32}*

**Motion:** SEN. WATERMAN moved DP 141, DDP WAITING LIST REDUCTION AS REFLECTED IN THE ORIGINAL GOVERNOR RACICOT BUDGET.

**Discussion:** The amount was \$2,239,535 FY02 and \$2,246,136 FY03 total funds. The general fund portion is \$1,000,035 in FY02 and \$1,000,034 in FY03. SEN. WATERMAN stated that if the state is going to invest money in these individuals, it must continue to maintain some services for them. She finds it unconscionable that there are 1,400 people on a waiting list; a judge would find it illegal. REP. JAYNE asked why the waiting list funding was eliminated from the budget. Ms. Welsh reiterated that the budget office had to make some choices and this is one of those places it decided to do that.

SEN. KEENAN said that he does not believe that there is infrastructure for this. CHAIRMAN LEWIS stated that the Committee had cut \$1 million from Child Support Enforcement Budget (CSED) for SEARCHS; he asked if SEN. WATERMAN would put \$500,000 here in lieu of mental health? She said that this is the place she would put it, and that she does not think that infrastructure needs to be created for these children. They already receive services in the community. The families need some help. SEN. KEENAN stated that the waiting list had been reduced two years ago and the input at that time was that it created a problem at the local level. If communities do not have services to serve these people, it is problematic. Mr. Mathews said that it is a balancing act.

**Motion:** SEN. WATERMAN moved THAT \$500,000 GENERAL FUND PER YEAR BE APPROPRIATED TO THE DISABILITY SERVICES DIVISION AND THAT THE DEPARTMENT AND LFD STAFF WORK TO DEVELOP THE DETAILS OF A PROPOSAL THAT USES THESE FUNDS TO ADDRESS RATE INCREASES AND THE WAITING LIST.

**Discussion:** REP. JAYNE asked how much money they are speaking of. CHAIRMAN LEWIS has suggested that the \$500,000 per year saved in CSED be used. SEN. COBB wants that the proposal be appropriated to the waiting list or parity. The motion moves the money; the description of how the money will be spent will come back in the proposal. There were further comments on the proposal. CHAIRMAN LEWIS call for a roll call vote.

**{Tape : 2; Side : A; Approx. Time Counter : 32 - 34.8}**

**Vote:** Motion carried 6-0.

**{Tape : 2; Side : A; Approx. Time Counter : 34.8 - 42}**

**Motion:** REP. JAYNE moved DP 192, DDP CRISIS CAPACITY.

**Discussion:** **Ms. Gervais** said that it was \$25,000 general fund each year of the biennium. **Ms. Welsh** said that it was removed because they were looking to eliminate new proposals to save money. **REP. JAYNE** asked **Mr. Mathews** for an explanation of the use of those funds. **Mr. Mathews** explained that the DDP crisis dollars are used for situations in which people are having small crises; it is small amounts per individuals, but gives district offices flexibility when a crisis occurs. In response to a question from **SEN. COBB**, **Mr. Mathews** stated that if there were no money specifically allocated for this, it would come out of the general budget.

**{Tape : 2; Side : A; Approx. Time Counter : 42 - 44.9}**

**Vote:** Motion failed 3-3 with Clark, Keenan, and Lewis voting no.

**{Tape : 2; Side : A; Approx. Time Counter : 44.9 - 48.5}**

**JoAnn Dotson, Acting Administrator of Health Policy and Services Division**, began her presentation with an introduction of the Bureau Chiefs. She began the 15% reduction for the Division **EXHIBIT(jhh21a02)**.

**{Tape : 2; Side : B; Approx. Time Counter : 0.7 - 51.4}**

**John Chappuis, Financial Operations and Support Services Bureau Chief**, reviewed the process used to come up with the 15% reduction. The Department decided to reduce the optional services to include: pharmacy, durable medical equipment, dental, physical therapy, etc.

**Ms. Dotson** began the presentation of the overview of the Health Policy and Services Division **EXHIBIT(jhh21a03)**. She touched briefly on the broad array of services, the programs and providers involved, and the budget. **Ms. Dotson** mentioned the 10 public health achievements from 1990 to 1999, and the health indicators for the state of Montana. Montana ranks as one of the six states with the greatest overall health improvements. The improvements were a result of a decrease in violent crime, lower unemployment, increased support for public health care, and fewer premature deaths overall. Montana ranks as the 27<sup>th</sup> healthiest of the 50 states and 48<sup>th</sup> out of the 50 states in support of public health care. There was discussion of the children living below poverty level and the percent of uninsured. She reviewed the tobacco use information, suicide death incidence, and motor vehicle deaths. She continued with the serious problem of diagnosed diabetes among Montanans and child immunizations.

**{Tape : 3; Side : A; Approx. Time Counter : 0.7 - 34.2}**

**Ms. Dotson** briefed the Committee on the teen pregnancy rates, the infant mortality rate, and the leading causes of death. She

concluded that while human and fiscal resources are limited, the Montana Public Health Programs are appropriately poised to address the devastating health problems that currently affect the population.

**Gail Gray, Director of the Department of Public Health and Human Services**, expressed her appreciation of **Ms. Dotson** and her staff, and commended the Health Policy and Services Division to the Committee.

**Dr. Michael Spence, Medical Officer of Department of Public Health and Human Services**, informed the Committee on the role that the Medical Officer plays in the state **EXHIBIT(jhh21a04)**.

**SEN. COBB** asked **Dr. Spence** where, in performing his duties across the state, the Department is lacking or not doing a good job.

**Dr. Spence** stated that dental care access is the number one problem in all counties of Montana. There is room for improvement in immunizations and in decreasing teen pregnancy.

**SEN. COBB** asked how the counties are doing their jobs with the limited resources. **Dr. Spence** replied there is a wide array of available resources in the communities, and that the quality of care is amazing given the resources available. **SEN. COBB** asked if the state spent more in prevention would it really see a difference. **Dr. Spence** stated that diabetes is the disease that will cause major problems for the state; the number one risk factor for diabetes is poor nutrition and a sedentary life style. If more money were spent in nutritional education, there would be a reduction in those diseases that most seriously impact the population.

**SEN. COBB** asked if the grant that was given out last year for diabetes is doing what it is supposed to. **Dr. Spence** stated that the diabetes program is exemplary and is a national model.

**REP. JAYNE** asked about programs to encourage a more active life style. **Dr. Spence** mentioned that there is a paucity of organized events and runs that increase and encourage physical activity. One thing that communities can do is widen roads with bike and running paths. **REP. JAYNE** asked about interaction between the Department and Tribes on the issue of diabetes. **Dr. Spence** said that there is an extremely high incidence of diabetes in Native American populations in Montana and that there is a high interface between the Health Systems Bureau and the Tribes. This has led to the identification of a high rate of diabetes in all teens, not just Native American teens. There will ultimately be a huge price to pay with cardiovascular disease, renal disease, amputation, and eye disease related to diabetes.



**{Tape : 3; Side : A; Approx. Time Counter : 34.2 - 36.0}**

**Mary Dalton, Medicaid Services and CHIP Bureau Chief**, stated that the greatest predictor that she has seen of people being active in their later years is exposure to physical activity in childhood.

**{Tape : 3; Side : A; Approx. Time Counter : 36 - 43.2}**

**REP. CLARK** asked **Dr. Spence** to address the problem of Hepatitis C in the state. **Dr. Spence** stated that Montana probably has more people with Hepatitis C than any other form of liver disease in the country. There is no immunization for Hepatitis C, nor is there an effective treatment for the majority of patients. It is a progressive disease with a very expensive treatment. There are good screening procedures, and the Department is making strong efforts to identify individuals with the disease.

**{Tape : 3; Side : A; Approx. Time Counter : 43.2 - 50.7}**

**Mr. Chappuis** distributed his presentation **EXHIBIT(jhh21a05)** and a sheet that has the Medicaid optional services **EXHIBIT(jhh21a06)**. **Mr. Chappuis** went over the various programs with which the Bureau is involved.

**{Tape : 3; Side : B; Approx. Time Counter : 0.3 - 42.1}**

**Mr. Chappuis** introduced staff from Financial Operations and Support Bureau. He then went over the Medicaid Primary Care programs, funding sources, eligibility categories, and standards for the programs. **Mr. Chappuis** went over the increase in the caseloads and the county figures. He went over the reimbursement rates for the Medicaid primary care programs.

**CHAIRMAN LEWIS** referred to the statement on page 8 of the overview, which says that all Medicaid Services require legislative approval before inclusion into the Montana Medicaid service package, and asked **Mr. Chappuis** if the chemical dependency refinance is a Medicaid expansion. **Mr. Chappuis** said that the Department has been paying CD costs for some years, and the refinance could be considered an extension of that. It could be considered an expansion. **CHAIRMAN LEWIS** said that it was done as outpatient when it was done before and since there is considerable controversy over the refinance, is it a separate service? He asked the Department to provide the Committee with a statement explaining the rationale for the decision.

**Mr. Chappuis** reviewed the breakdown of costs in the Medicaid primary care program.

**Ms. Dalton** reviewed the Passport program, which is Montana's primary care case management program, and the success it has

achieved in cost containment and coordination of care to enhance access and increase quality.

**Mr. Chappuis** continued with his presentation of the costs of the programs. The aged and disabled account for the greatest costs. He went over some of the Financial Operations and Support Bureau's administrative accomplishments: implementation and certification of the Medicaid Management Information and Reporting System (MMIRS); implementation of phase 1 and 2 of the Integrated Data for Evaluation and Assessment (IDEA) project; development of automated claims payments system for the Medicaid and Indian Health Services; completion of the inpatient hospital DRG rebasing project; and establishment of the Health Insurance Portability and Accounting Act (HIPAA).

**Ms. Dalton** reviewed the accomplishments of the Medicaid Services program: implementation of the Medicaid Passport program; implementation of the Resource Based Relative Value Scale (RBRVS) transition; and the improvements and cost savings of the prescription drug program.

*{Tape : 3; Side : B; Approx. Time Counter : 42.1 - 48}*

**Mr. Chappuis** reviewed his Bureau's budget requests: DP 43, Medicaid Caseload adjustments; DP 15, Indian Health Services Caseload Adjustment; DP 42, Medicare Buy In Caseload Adjustment; DP 127, Hospital Provider Rate Increases; and DP 90, Claims Adjudication Specialists.

**SEN. COBB** requested the information on the new Medicaid estimates. **Mr. Chappuis** stated that he thinks that the budget estimates will be at about the same as in August.

*{Tape : 4; Side : A; Approx. Time Counter : 0.3 - 4.9}*

**Mr. Chappuis** stated that there is a caseload increase which will have an effect on costs. The Department underestimated the growth by almost 8%, which is significant. The pharmacy program will be over \$60 million this year.

**SEN. COBB** asked questions on the Indian Health Services caseload. **Mr. Chappuis** said that it is federal money and that the Tribes go through the state for Medicaid. For non-Medicaid Indian Health Services, the Tribes go through the Indian Health Services in Billings. It is a non-duplication of services, and the federal government pays 100% of the costs. The state does put some in for administrative services.

*{Tape : 4; Side : A; Approx. Time Counter : 4.9-}*

There was further discussion over the Indian Health Services and the federal government's role in this. **Mr. Chappuis** continued with the decision package explanations.

There was discussion of the cost of receiving out-of-state treatment versus in-state treatment.

**Mr. Chappuis** went over the request for claims adjudication specialists. **SEN. COBB** suggested that when the Department comes up with a good idea to save money, it should try it to see if it works. They should let LFD and the budget office know if they are going to try something, but there should be some mechanism that a good idea can be tried without waiting for the Legislature.

There was discussion of the drug rebate, which would the LFD feels should be accounted as revenue. The question is whether it should be counted as state special revenue or general fund. The preference of most involved was that it should be special revenue so that it can be accounted for separately. **Mr. Chappuis** would like the proceeds to be accounted against expenditures to save the general fund. The draft of the legislation allows it to do this, but it must be done as a Committee bill.

**Mr. Chappuis** concluded his presentation with the intergovernmental transfer issue. The federal government has accepted the state plan amendment so the Department can go forward with the plan. The intergovernmental transfer will provide funds for seven or eight county facilities in the state. The Department has worked with the Montana Hospital Association (MHA) on this. There is no general fund involved and no general fund impact.

**ADJOURNMENT**

Adjournment: 11:55 A.M.

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REP. DAVE LEWIS, Chairman

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SYDNEY TABER, Secretary

DL/ST

**EXHIBIT** (jhh21aad)